



**New Mexico  
Taxation and Revenue Department**

**2011 Tax Preparers Guide  
FOR  
PERSONAL INCOME TAX RETURNS**

September 26, 2011

**A Guide for Tax Preparers, Electronic Return  
Originators and Fed/State Transmitters**

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## INTRODUCTION

On January 1, 2012, the New Mexico Taxation and Revenue Department (TRD) begins the 2011 income tax filing season. This document addresses issues specific to persons who prepare New Mexico income tax returns. The advice contained herein is intended to assist new and returning tax return preparer's file their clients' returns in the most efficient, cost effective manner possible.

## WHAT'S NEW

### Recent Legislation

**Repeal of Deduction for State and Local Taxes** – Legislation amends the definition of "net income" to repeal the itemized deduction for state and local income and sales taxes that are deductible under federal law for income tax purposes. The law also modifies the definition of "net income" for taxable years beginning on or after January 1, 2011 to exclude the amount included in adjusted gross income (AGI) that represents a refund of state and local income and sales taxes that were deducted for federal tax purposes in taxable years beginning on or after January 1, 2010. See Schedule PIT-ADJ, line 20.

**For tax years beginning on or after January 1, 2012**, the penalty for underpayment of estimated tax is not applied if the difference between the taxes for the current year less amounts withheld is under \$1,000.

*For details about New Mexico tax law changes enacted during 2011, see Publication B-100.23, 2011 Legislative Summary. Legislative summaries are available for each year, providing a brief description of new legislation affecting the New Mexico Taxation and Revenue Department. Visit our web page and click on "Publications".*

### Other Important Form Changes

- **2011 PIT forms and instruction packets will not be automatically mailed.** In prior years, the Department has been mailing form and instruction packets to taxpayers who filed paper returns in the prior year. This year the Department plans to mail notices to those taxpayers who filed paper 2010 returns, letting them know how to obtain the form packets.
- **Form PIT-1** - the checkboxes for "Blind" and "Over 65" have been moved (from Schedule PIT-ADJ, lines 12a and 12b) to the top of page 1 next to the Residency checkboxes.

- You are no longer required to attach federal Form(s) 8886, *Reportable Transaction Disclosure Statement*, to your state return, or indicate the federal requirement to file Form 8886 on the state return.
- **Form PIT-1, line 7** – a worksheet for computing the amount of state and local income or general sales tax (if federal deductions were itemized) is in the PIT instructions.
- **Form PIT-1, line 9b** - has been removed. Because of federal law changes, the standard deduction that included a federal net disaster loss or a new motor vehicle state or local sales or excise tax paid deduction claimed on federal return was removed.
- **Form PIT-1, line 25** - You are required to report tax withheld from a pass-through entity separately from other types of tax withheld.
- **Schedule PIT-ADJ, line 12a and 12b** - "Blind" and "Over 65" checkboxes have been moved to the top of PIT-1, page 1.
- **Schedule PIT-ADJ, line 20** - A deduction may be taken for a refund of state and local income and sales taxes required to be included in federal adjusted gross income on the 2011 federal Form 1040.
- **Schedule PIT-CR** - Tax credit descriptions have been removed. Refer to PIT-CR instructions and FYI 106 for a complete description of the credits.
- **Schedule PIT-CR** – The welfare-to-work program tax credit has been removed.
- **Schedule PIT-CR, line 17** – A new credit has been added to the schedule. Agricultural Biomass Tax Credit is included as a non-refundable credit.
- **Schedule PIT-CR, line 18** – A new credit has been added to the schedule. Film Production Tax Credit (applied to tax due) is included on the tax credit schedule.

## FILING METHODS

New Mexico offers taxpayers a choice between filing their personal income tax returns in the traditional paper format, and using computers to electronically file returns and make tax payments. **The department encourages all taxpayers and tax preparers to file electronically whenever possible. It provides the fastest turnaround for a refund**

**and saves tax dollars. A return filed electronically is fast, safe and secure.** See *Benefits of Electronic Filing* later in this publication.

**Paper forms**, instructions and general information brochures can be downloaded from the TRD website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov) using Adobe Acrobat. You may also obtain forms, instructions and general information brochures from your local district office. The location and phone number of local district offices are listed at the back of this publication. To order forms by phone, call (505) 827-2206.

**TRD's E-filing Services** allow taxpayers and tax preparers to use the **TRD Internet website** to electronically complete and submit 2011 New Mexico personal income tax returns. Visit our website at <https://efile.state.nm.us>. Electronic filing for the immediate three prior-year returns is also available. You may also use the website to amend PIT-1 returns.

**Third-party Software** may be purchased or accessed on-line to complete tax returns on personal computers and submit the return to the department through the Federal/State Electronic Filing Program\* (Fed/State); or to print a New Mexico personal income tax return for submission to the department. The Fed/State program is not available for prior-year returns. Visit the IRS website at [www.irs.gov](http://www.irs.gov) for information about using the federal *e-file* program.

\*Through a cooperative Fed/State e-file effort, a federal personal income tax return and the New Mexico personal income tax return can be transmitted through the Internet using software or an on-line program. The returns can be submitted together or separately. The IRS and TRD both acknowledge receipt of all Fed/State returns.

**NOTE: A payment made to TRD through the Fed/State program must come from a checking account. New Mexico TRD cannot accept a payment from a savings account.**

Beginning with tax year 2011, New Mexico will begin offering to software developers the New Mexico personal income tax return using the Modernized E-File system (MeF). The IRS anticipates that by 2012, all Fed/State returns will be processed using this new electronic data interchange format. MeF is an integrated, web-based electronic filing platform replacing the legacy e-file system which has been essentially unchanged for IRS and the states since 1990. MeF uses new architecture for electronic filing and introduces a more fully automated, real-time, and scalable e-file system.

## IMPORTANT DATES FOR FILING 2011 PIT RETURNS

Except for return due dates, these dates are anticipated and subject to change.

2011 Forms and instructions posted to the Internet	January 1, 2012
Forms and instructions available in the district offices	January 8, 2012
Begin transmitting Fed/State returns to IRS/New Mexico	January 14, 2012
Begin transmitting State returns through TRD website	January 14, 2012
Due date of the 2011 PIT return	April 16, 2012
Extended due date for taxpayers who electronically file and pay*	April 30, 2012
Federal automatic extension due date	October 15, 2012
Last day to transmit Fed/State returns to IRS/New Mexico	October 31, 2012

\*A taxpayer must BOTH electronically file **and** electronically pay the tax due to qualify for the extended due date.

### **Estimated tax due dates for calendar year filers**

1 <sup>st</sup> Quarter	April 16, 2012
2 <sup>nd</sup> Quarter	June 15, 2012
3 <sup>rd</sup> Quarter	September 17, 2012
4 <sup>th</sup> Quarter	January 15, 2013

## CONTACTING THE DEPARTMENT

### **Information and Forms**

Forms, instructions and informational publications and brochures are available on our Internet Home Page. Our address is: [www.tax.newmexico.gov](http://www.tax.newmexico.gov)

Request forms, instructions and publications through the Internet by e-mailing us at [TaxReturnHelp@state.nm.us](mailto:TaxReturnHelp@state.nm.us) or call (505) 827-2206 or your local district office.

**2011 PIT forms and instruction packets will not be automatically mailed.** In prior years, the Department has been mailing form and instruction packets to taxpayers who filed paper returns in the prior year. This year the Department plans to mail notices to those taxpayers who filed paper 2010 returns, letting them know how to obtain the form packets.

### **E-Mail and Telephone Correspondence**

On our home page select "*About Us*", click on "*Contact Us*", then click on the "*E-mail Us*" link. This link allows you to send an e-mail to the department by subject matter. Using *E-mail Us* sends the e-mail directly to the subject matter experts, for a wide range of tax topics. For personal income tax, direct questions about the return, instructions, a submitted return or a refund to [TRD-TaxReturnHelp@state.nm.us](mailto:TRD-TaxReturnHelp@state.nm.us) or call (505) 827-0827 or your local district office.

Direct general questions about New Mexico taxes to [Policy.Office@state.nm.us](mailto:Policy.Office@state.nm.us) or call (505) 827-0908 or your local district office.

DISTRICT OFFICES	PHONE NUMBERS
Albuquerque District Office	505-841-6200
Santa Fe District Office	505-827-0951
Farmington District Office	505-325-5049
Las Cruces District Office	575-524-6225
Roswell District Office	575-624-6065

**If you want to write**, please address your letter to New Mexico Taxation and Revenue Department, P.O. Box 2788, Santa Fe, NM 87504-2788. If you write us for information or to order forms after April 1, you should not rely on receiving the forms or a response to your correspondence before April 15<sup>th</sup>. You will get a faster response by calling or using the e-mail and telephone options discussed above.

### **Other On-line Services Available**

*Taxpayer Access Point (TAP)* is a secure on-line resource that allows taxpayers and tax preparers - if approved by the taxpayer - to:

- Review return payment and refund information;
- pay existing tax liabilities on-line;
- check the status of a refund;
- change contact information; and
- register a business.

Currently TAP allows access to 23 tax programs including the personal income tax and gross receipts tax programs. See the next section.

## **TAXPAYER ACCESS POINT**

New Mexico Taxpayer Access Point: TAP is a secure resource that allows taxpayers to check the status of tax accounts on-line, make payments, change their address and register a business. Visit the TRD website and select "*Manage My Account*" under "*On-line Services*". Then follow the links to the *Taxpayer Access Point (TAP)* link. Access requires registering for a login user name and password and specific information about the taxpayer. To check the status of a refund, select the "*Status of Tax Refund*" link. If you have the SSN and the correct amount of refund due, you do not need to register for a login to check the status.

To register for access to TAP you will need to have:

- your FEIN (federal employer identification number), ITIN (Individual Tax Identification number or SSN (social security number, and
- an e-mail address.

If you have sufficient detail about your client's account, you may also use TAP to view other taxpayer's records.

This resource is currently available for the following tax programs: Personal Income Tax (PIT), Corporate Income and Franchise Tax (CIT), Pass Through Entity (PTE), S Corporate Income and Franchise Tax (S-Corp), Combined Reporting System (CRS), Combined Fuel Tax (CFT), Cigarette Tax (CIG), Fiduciary Income Tax (FID), Gaming Operator Tax (GMO), Gaming MFG and Distributor Tax (GMD), OGP Withholding Tax (OGP), E911 Services Surcharge (911), Local Liquor Excise Tax (LLQ), Liquor Excise Tax (LIQ), Resource Excise Tax (RES), Severance Tax (SEV), Alternative Fuels Excise Tax (AFD), Bingo and Raffle Tax (BRT), Conservation Tax (CNS), Tobacco Products Tax (TPT), Telecommunications Relay Service Surcharge (TRS), Water Conservation Fee (H2O), Weight Distance Tax (WDT), and Workers' Compensation Fee (WKC).

## **TAX PREPARER'S ELECTRONIC FILING REQUIREMENTS**

Paid tax practitioners who prepare more than 25 New Mexico personal income tax returns must ensure that each return is submitted using a department-approved electronic media, unless the taxpayer whose return is being prepared requests otherwise. A \$5 penalty per return is assessed for each personal income tax return for which a preparer fails to comply with this requirement.

The requirement applies only to returns filed for the tax year immediately preceding the calendar year in which it is filed.



Department-approved electronic media includes a New Mexico personal income tax return transmitted electronically or submitted in paper form with a 2D barcode printed on Form PIT-1 that contains the taxpayer's tax return information. The information in the 2D barcode is electronically captured. An electronically transmitted return can be transmitted through the department's Internet website or transmitted via the Internet using an approved software or online program which files the return through the Fed/State program.

A tax return preparer is a person who prepares New Mexico personal income tax returns for others for compensation or who employs one or more persons to prepare such returns for others for compensation. New Mexico uses the Federal Employer Identification Number (FEIN) and the Social Security Number (SSN) or Preparer Taxpayer Identification Number (PTIN) to identify the tax return preparer.

A taxpayer whose return is being prepared may elect to waive the preparer's requirement to file by electronic media. A signed Form RPD-41338, *Taxpayer Waiver for Preparer's Electronic Filing Requirement*, must be on file with the preparer **AND** the checkbox in the Paid Preparer's Signature Box on the return must be marked. The form is available on the TRD website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov).

For questions regarding the new tax preparer requirement, select "*Tax Professionals*" on the department's web page, and then select "*Filing and Payment Mandates*".

## **TAX PREPARER'S SIGNATURE REQUIREMENTS**

On page 2 of Form PIT-1, is a "Paid Preparers Use Only" section. **Paid tax preparers must fill out this section and sign tax returns they prepare.** The preparer may sign it by hand or any other method of electronic signature acceptable to the Internal Revenue Service. Tax preparers that do not charge for preparing tax returns do not need to sign the return. A paid preparer must enter their 11-digit New Mexico CRS identification number\*, Federal Employer Identification Number (FEIN), if applicable, and either a nine-digit Social Security Number or an IRS-issued Preparers Tax Identification Number (PTIN). A penalty is imposed for failure to comply. See the next section.

\*A paid preparer who is not required to have a New Mexico CRS identification number is not required to complete this field. Generally, persons are not required to obtain a CRS identification number unless they

perform services in New Mexico, have an employee or a business location in New Mexico, sell property in New Mexico or lease property employed in New Mexico.

## **OTHER TAX PREPARER REQUIREMENTS AND PENALTIES**

**A penalty of \$25 per return or claim for refund will be assessed to a paid preparer who:**

- fails to sign the tax return or claim for refund, or
- fails to include the identifying numbers of the paid preparer.

**A penalty of \$500 per refund check** will be assessed for any tax return preparer who endorses or otherwise negotiates, either directly or through an agent, any refund check issued to a taxpayer.

## **ERROR-FREE PROCESSING**

A fully completed, accurately computed, legible return provides for the fastest processing of the return. Returns with errors require manual review and may delay a refund. For a paper return, the refund may be delayed for as much as 6 weeks, and 12 weeks during April and May. For electronically filed returns, the refund may be delayed for as much as 3 to 6 weeks. It is important that you follow the directions for the return, complete all required fields, check your figures, and make sure the return is legible. For example: A refund from an error-free electronically filed return is issued within 10 to 14 days of the department's receipt. Refunds may be delayed for periods beyond 14 days when the return information requires manual review. Generally, the delays occur because the return information is incomplete, incorrect or does not match the information contained within our records.

**Reasons for delays include, but are not limited to:**

- An incorrect mailing address. The taxpayer's address on the tax return must be correct and current...
- Incorrect or missing social security number or ITIN.
- Entering an incorrect date format for the dependent's date of birth.
  - The correct format is MM/DD/CCYY.
- Missing dependent's SSN or date of birth.
- An incomplete return.
- Attaching a worksheet in lieu of completing the correct schedule/form.

- Incorrectly claiming an exemption, deduction or credit.
- Missing attachments and supporting documents.
- The payments reported on the return do not match the payments in the system.
- A poor quality printed form.

**Other common errors:**

- Allowing partial allocation on Schedule PIT-B, lines 1, 2, 3 and 7 for a New Mexico resident taxpayer.
- Submitting a duplicate return instead of checking the status of the original return.
- Submitting amended returns without supporting schedules.
- Incorrect banking account information provided.
- Not answering all questions to request a refund express direct deposit.
- Tax preparers not marking the checkbox indicating that they have Form RPD-41338 on file, when a paper return does not include a 2D barcode. Pursuant to the tax preparer electronic filing mandate, a \$5 penalty may be imposed.
- Paid tax preparers not completing the *Paid preparers use only* box on PIT-1, page 2.
- Making changes to a return with a 2D barcode, without refreshing the return within the software product, so that the changes are included within the 2D barcode. For example: Direct deposit information is entered on the return after the return has been printed.
- Submitting forms that are drafts, or unapproved forms from a software product.

In the event the department needs additional information to resolve a question or error on the return, the taxpayer or paid tax preparer may be contacted directly. Transmitters will not be given information about the tax return other than acknowledgement of receipt through the acknowledgement system.

## **AMENDED RETURNS**

Any changes to New Mexico taxable income, credits or rebates, and changes to federal taxable income require an amended New Mexico personal income tax return for the same year. Form PIT-X for the applicable tax year must be filed for tax years beginning January 1, 2005 or after. For tax years that begin prior to January 1, 2005, file amended returns using the forms for the appropriate tax year and mark "AMENDED" at the top of the form if no amended checkbox is present on the form.

When filing an amended return, you must attach schedules PIT-S, PIT-ADJ, PIT-RC, PIT-B, PIT-CR and PIT-D as required, even if the amounts did not change from the originally filed return. You do not need to file forms W-2 and similar information forms unless you are amending your New Mexico return to change the amount of withholding reported.

## **APPROVED SOFTWARE**

TRD approves companies who follow specifications and format requirements for an electronic transmission of, or the reproduction of a paper 2011 New Mexico income tax form. Acceptance of the software company does not imply endorsement by the department or assurance of the quality of its services.

New Mexico publishes a list of approved substitute form vendors and Fed/State software companies annually. Approvals must be performed annually for each new tax year. The list of approved software companies is published at the beginning of the filing season. The list indicates whether the software product has been approved to support the electronic transmission of Form PIT-1, the printing of the Form PIT-1 and the printing of the PDF214 2D barcode on Form PIT-1. *See Using Barcodes*, later in this publication for an explanation of the benefits of using the PDF214 2D barcode on Form PIT-1. To view the list, visit the TRD website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov) and select "*Tax Professionals*" then "*Software Developers*".

## **AUTHORIZED REPRESENTATIVE**

Other than the exceptions listed below, a taxpayer may designate another person to represent them on tax related matters. The request can be made for one year or multiple years. To authorize another person as a representative, the taxpayer must provide TRD written authorization. The written authorization must:

- be in writing
- contain sufficient information for TRD to identify the taxpayer and the taxpayer's representative, and
- must be signed by the taxpayer.

To obtain authorization, the taxpayer must complete Form ACD-31102, *Tax Information Authorization*, or provide a similar document that contains the required elements listed above.

### **Exceptions from the Requirement to Obtain Written Authorization**

The following persons may represent a taxpayer without providing written authorization to TRD:

- attorneys or accountants licensed to practice in New Mexico; or
- enrolled agents, with respect to income tax only. Income tax includes personal income tax returns, pass-through entity tax returns, corporate income and franchise tax returns, S corporate income and franchise tax returns, and fiduciary income tax returns.

The Secretary of TRD or its employee may reveal information that concerns a return if it is presented with proper authorization from the representative.

If the Secretary or employee has reason to question the continued validity of the authorization to represent the taxpayer, the Secretary or employee may ask the taxpayer whether the authorization remains valid.

## **REFUND ANTICIPATION LOANS**

A Refund Anticipation Loan (RAL) allows a taxpayer to borrow money with an anticipated income tax refund as security. TRD is not a party to RALs. RALs are contracts between taxpayers and lenders.

TRD's acknowledgement that a taxpayer's return is accepted for processing is not a guarantee to either the taxpayer or the lender that the taxpayer will receive a refund or guarantees the amount of the refund.

TRD does not guarantee a specific date of issuance or the issuance of the anticipated refund amount.

TRD is not liable for any loss suffered by the taxpayer, the ERO, or the financial institution as a result of an RAL.

TRD will not accept inquiries from financial institutions concerning the issuance or amount of refunds.

Any entity providing electronic filing service should explain to taxpayers applying for RALs, that an RAL is an interest-bearing loan, not a way to receive their income tax refunds more quickly.

## **RESPONSIBILITIES OF TAX PRACTITIONERS**

All tax preparers, electronic return originators and Fed/State transmitters accept specific responsibilities regarding filing New Mexico personal income tax returns.

Tax practitioners...

- Must comply with the requirements set forth in this handbook and with the requirements and procedures set by the IRS.
- Must maintain a high degree of integrity, compliance and accuracy.
- Should examine two forms of taxpayer identification before preparing returns or accepting returns for electronic transmission.
- Should be alert to suspicious electronic filing transactions and report them to the local NM TRD district office.
- Must ensure the acknowledgement of electronic returns. Any return not accepted and acknowledged as received by NM TRD will be considered not filed.
- Must provide instruction for filing the return and paying any tax due to every taxpayer, including providing them the correct *Payment Voucher*, if the taxpayer does not choose direct debit.
- Must retain records of the return for three years.
- Must identify the paid preparer in the appropriate fields of the paper or electronic return.
- Must furnish the taxpayer with copies of the signed Form PIT-8453, Forms W-2 and 1099, and any other documents the taxpayer has included with the return as supporting material for the taxpayer's records.
- Must monitor electronic filing at branch offices of the ERO's firm to ensure compliance with all NM TRD requirements.
- Must stress to taxpayers the importance of supplying correct information.

- Must ensure the security of all returns and documents related to the taxpayer's return.

## **ABOUT PAPER RETURNS**

### **REPRODUCTION OF NEW MEXICO STATE TAX FORMS**

Any person who wishes to create a New Mexico Taxation and Revenue Department state tax form for their own use or for use by others must receive approval to generate a substitute form. A substitute form is any form produced and made available for use by any person or business other than TRD. A substitute form must meet the requirements of the department and must be approved prior to use. TRD reserves the right to reject substitute forms that do not meet the department's requirements.

For more information on specifications and approval procedures, go to the department's website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). Click on "*Tax Professionals*" for the Publication on *General Specifications and Approval Procedures for the Reproduction of New Mexico State Tax Forms*. You will also find a list of form vendors and software developers approved to reproduce New Mexico state income tax forms.

### **QUALITY FORMS**

Submit only high-quality, printed, **original** forms to the department. A poor print or photocopy of a form obtained from the TRD website or an approved software product will delay the processing of the return and any refund due.

TRD uses scanning equipment to process tax forms. The barcodes and scan lines used on the forms require exact placement on the page and must adhere to certain printing standards. Do not submit a photocopy of forms provided by the department, whether obtained directly from the department or downloaded from the department's Internet website. When using any New Mexico approved computer-generated personal income tax form, printing and legibility requirements of the software developer must be complied with.

HINT: If a printer can print a logo clearly, then it can print a quality tax form. Never submit a photocopy of a form the software generates.

#### **Do not alter the form in anyway:**

A department supplied or approved form that has been altered by a taxpayer or tax preparer may be rejected. Do not alter a form's title to indicate the

next year. For example, do not change the tax year of a form from 2010 to 2011. A 2010 income tax form cannot be used to file a 2011 tax return.

Do not cut a form except where specifically directed to cut. For example: On most payment vouchers, you are specifically directed to cut the form before submitting it to the Department with the payment. You must **cut the form and only cut the form on the dotted line.**

Do not submit forms that bear watermarks, such as "Do not file" or "Pending Approval".

For payment vouchers that contain a scanline, do not write in the area around the scanline.

### **Paper**

Forms should be on 8½ by 11-inch white paper. The minimum paper weight for forms is 20-pound bond. Printers and copiers have much less trouble with this weight than with lighter weight papers. To ensure a quality form, avoid using recycled paper.

### **Printing Options**

Use only single-sided printing with a "portrait paper orientation". The printer setting "Paper Scaling" should be set to "none".

### **Ink or Toner**

The ink or toner cartridge should not be low so that the image is faded. Do not change the color of the text on the form that is printed out. The department supplied forms use black and blue ink. Software forms use black ink only.

## **USING BARCODES**

New Mexico uses two types of barcodes on its personal income tax forms. All principal forms and schedules are required to have a "form" barcode (3of9 barcode) printed in the upper right-hand corner of the page, which allows the form to be identified by the scanner. The tax year, the form, and the source of the form are identified within the form barcode. Below is a sample<sup>1</sup> of how the "form" barcode will appear.





<sup>1</sup>The image does not reflect the actual size of the barcode that will be printed on the form.

The "PDF417" (2D) barcode appears different from the "form" barcode and is printed underneath the "form" barcode only on page 2 of Form PIT-1. Below is a sample<sup>2</sup> of how the "2D barcode" will appear.



<sup>2</sup>The image does not reflect the actual size of the barcode that will be printed on the form.

The (2D) barcode is optional for the personal income tax form. The department strongly recommends that you utilize a software program that supports the 2D barcode on the scannable personal income tax form. The advantages of using a form with the 2D barcode includes - but is not limited to - faster processing of the paper form and fewer data entry errors. The 2D barcode contains the taxpayer's return information, which is directly uploaded from the 2D barcode printed on the form. If the 2D barcode is not read because the printer considerations were not followed when printing the form, then the form is routed for data entry. A properly printed 2D barcode will reduce the amount of time required to process a return, and results in a faster refund for the taxpayer.

**IMPORTANT:** When changes need to be made to Form PIT-1 or one of its schedules after the software product has printed the return with the 2D barcode printed on the second page of Form PIT-1, those changes should not be handwritten on the form because they will not be recorded in the 2D barcode. Users should go back into the software product, make the changes, and then reprint the form so the 2D barcode contains the changes.

Check with tax preparation software developers to determine whether the printing of the 2D barcode is supported for the 2011 Form PIT-1 or visit [www.tax.newmexico.gov](http://www.tax.newmexico.gov). Click on "*Tax Professionals*".

## **ABOUT ELECTRONIC FILING**

### **BENEFITS OF FILING ELECTRONICALLY**

Electronic filing is fast, safe and secure. It minimizes errors and delays associated with manual handling and data entry of the forms. It saves tax dollars and the electronically transmitted return cannot be lost in the mail. Electronic returns also have a much higher accuracy rate because the software alerts the preparer to obvious errors. Consequently, they are processed quicker, resulting in the fastest possible refund.

Additionally, taxpayers who both file and pay electronically **receive an extension of the filing deadline through April 30, 2012**. If a return is filed electronically and any taxes due are also paid electronically, before April 30th, no penalty and interest will be due. The filing deadline for all other 2011 returns and payments is April 16, 2012.

Generally, a paper return received in the department early in the tax season takes 4-6 weeks before the taxpayer receives the refund. If a paper return is filed after March 15, 2012, a refund may not be received for up to 12 weeks. As part of the TRD commitment towards high quality customer service and minimizing processing costs, the department has set a goal to process error-free, electronically-filed personal income tax returns within 10 to 14 days of receipt. This means TRD should **have a refund issued within 14 days** of receipt of an **error-free** return showing a refund due.

TRD will continue to offer taxpayers and tax professionals using Fed/State electronic filing and TRD on-line filing, *Refund Express* and *electronic payment* services, which allow tax return filers to electronically deposit refunds or make tax payments directly from a taxpayer's checking or savings account. Using the e-check option allows the payment to be made on the date the taxpayer chooses.

**NOTE: A payment made to TRD through the Fed/State program must come from a checking account. New Mexico TRD cannot accept a payment for tax due from a savings account.**

## **QUALIFYING AS AN E-FILE PROVIDER**

Prior to e-filing with the IRS, tax preparation firms must apply to be an Authorized IRS e-file Provider. Apply as early as possible to ensure that you are approved in time for January 1, 2012. No additional application form or application process is necessary for approval to file a New Mexico PIT return through the IRS approved Fed/State software program. Once acceptance by the IRS is received, the electronic return originator (ERO), transmitter or tax professional is automatically accepted to file a New Mexico PIT return through the Fed/State program. However, you must make certain the

software you are using has been approved for Fed/State filing by New Mexico.

A list of approved software developers and programs is provided on the TRD website [www.tax.newmexico.gov](http://www.tax.newmexico.gov). Click on "Tax Professionals", then "Software Developers".

How do I register to be an Authorized IRS e-file Provider? Tax preparers should register for e-services and complete an IRS e-file Application available at the IRS website [www.irs.gov](http://www.irs.gov). See *E-services* on the *Tax Professionals* page. You should use the web-based application process when possible and allow 45 days for the approval.

## **SUPPORTING BACK-UP DOCUMENTATION**

When e-filing a New Mexico personal income tax return and its schedules, whether filing through a third-party software program or the TRD Internet website, you may be asked to provide the department with additional documentation to support a claim for a deduction, credit or rebate. Generally, the additional documentation cannot be provided to the department through the e-file transmission. You should mail paper back-up documentation as soon after e-filing the return as possible.

Back-up documentation can be submitted to the department by mailing the paper documents to a reserved address using the New Mexico Form PIT-8453 as a cover page. The PIT-8453 provides sufficient information so the department can match the documentation to the return. You must mail the documents to the correct address, which is reserved for receipt of supporting documents that have been electronically filed. You must mail the documents promptly after e-filing the return to ensure that the documents are on hand when the return is reviewed.

**Form PIT-8453**, *Individual Income Tax Declaration for Electronic Filing and Transmittal*, is required to be completed by the paid tax preparer, an ERO, or a third-party transmitter who files electronically a tax return using a tax software program either on a personal computer or through the New Mexico website (PIT Web file) on behalf of a taxpayer. The form also acts as a transmittal or cover page for additional supporting documentation (paper schedules or statements), if required to be submitted to the department.

Generally, Form PIT-8453 does not need to be sent to TRD, but if the return generates a refund of \$9,500 or more, or certain additional paper schedules or attachments are required that cannot be transmitted electronically, it

must be submitted to TRD with the required paper back-up documentation. If you must submit Form PIT-8453 to the department, Form PIT-1 and Schedules PIT-ADJ, PIT-B, PIT-CR, PIT-D, PIT-RC, and PIT-S should not be included.

When required, submit Form PIT-8453 to the address below (also printed on the form) and attach the supporting documentation:

New Mexico Taxation and Revenue Department  
P. O. Box 5418  
Santa Fe, NM 87502-5418

## **ACKNOWLEDGEMENTS OF RECEIPT OF THE RETURN**

Returns filed through the department's web page (PIT Web file) receive an acknowledgement of receipt of the return. Print the acknowledgement page as verification that the department has received your return. Acknowledgement is provided immediately after submission.

Returns filed through the Fed/State program provide for an acknowledgement of receipt or rejection of the return. New Mexico retrieves PIT returns from the IRS website and generates and transmits acknowledgements of receipt of the return or may transmit a rejection of the return to the IRS website within 2 business days of retrieval.

Transmitters, preparers and ERO's may view and retrieve the acknowledgements and rejection notices from the IRS website. The software that you used to e-file the return will provide you instructions for how to review the acknowledgements from the department.

## **FED/STATE TAX RETURN REJECTS**

Personal income tax returns will be rejected if they do not conform to specifications. Rejected returns are not considered received by the department and must be resubmitted before the due date of the return.

This document provides the 2011 error codes and will be updated as modifications occur.

<b>2011 Fed/State Error Codes</b>		
<b>Error Code</b>	<b>Error Description for Software User</b>	<b>Corrective Action for Software User</b>
0001	Segments in unformatted record defined incorrectly.	Contact your software developer

0002	Unformatted header is incorrect.	Contact your software developer
0003	Record Number in unformatted, record is incorrect or out of sequence.	Contact your software developer
0004	Unrecognized State Form Code.	Contact your software developer
0005	Schedule appears more than once in the return.	Contact your software developer
0006	Segment format bad or field number unknown.	Contact your software developer
0007	Required data is missing.	Contact your software developer
0008	Field is repeated in segment.	Contact your software developer
0009	Information is missing for one or more dependents.	Contact your software developer
0010	Data format or length error.	Contact your software developer
0011	Data value out of range.	Contact your software developer
0105	Software Developer Code does not exist or is not active.	Contact your software developer
0110	Form PIT-1, line 8 has a value, but Schedule PIT-ADJ form is missing.	Correct field value or submit the PIT-ADJ schedule.
0115	Form PIT-1, line 12 has a value, but Schedule PIT-ADJ form is missing.	Correct field value or submit the PIT-ADJ schedule.
0120	Form PIT-1, line 18 has a value, but Schedule PIT-CR form is missing.	Correct field value or submit the PIT-CR schedule.
0125	Form PIT-1, line 21 has a value, but Schedule PIT-RC form is missing.	Correct field value or submit the PIT-RC schedule.
0130	Form PIT-1, line 36 has a value, but Schedule PIT-D form is missing.	Correct field value or submit the PIT-D schedule.
0135	There is a value in number of dependents, but the Schedule PIT-S is missing.	Correct field value or ensure that you have reported the information on the return for all dependents via PIT-S schedule.
0140	Schedule PIT-B, line 8, col 2 has a value, but Schedule PIT-B, page 2 is missing.	Correct field value or submit Schedule PIT-B, page 2.
0145	Form PIT-1, line 14 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0150	Form PIT-1, line 19 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0155	Form PIT-1, line 28 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0160	Form PIT-1, line 34 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0165	Form PIT-1, line 38 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0170	Schedule PIT-ADJ, line 5 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0175	Schedule PIT-ADJ, line 21 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0180	Schedule PIT-RC, line 2b is not computed correctly.	Correct the computation or review the entries that are used in the

		computation.
0185	Schedule PIT-RC, line 2d is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0190	Schedule PIT-RC, line 2g is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0200	Schedule PIT-RC, line 3 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0205	Schedule PIT-RC, line 12 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0210	Schedule PIT-RC, line 17a is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0215	Schedule PIT-RC, 26 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0220	Schedule PIT-CR, line 19 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0225	Schedule PIT-D, line 11 is not computed correctly.	Correct the computation or check the fields that are used in the computation and ensure the amount does not exceed the overpayment amount.
0230	Schedule PIT-B, line 9, column 1 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0235	Schedule PIT-B, line 9, column 2 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0240	Schedule PIT-B, line 11, column 1 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0245	Schedule PIT-B, line 11, column 2 is not computed correctly.	Correct the computation or review the entries that are used in the computation.
0250	Filing status must be married filing joint for a deceased spouse to be reported.	Correct the filing status or eliminate the deceased spouse information.
0255	Filing status must be married filing joint for a deceased spouse to be reported.	Correct the filing status or eliminate the deceased spouse information.
0260	Filing status must be married filing joint for a spouse to be reported on Schedule PIT-ADJ, line 10b.	Correct the filing status or eliminate the spouse information on Schedule PIT-ADJ, line 10b.
0265	Filing status must be married filing joint for a spouse to be reported on Schedule PIT-ADJ, line 11b.	Correct the filing status or eliminate the spouse information on Schedule PIT-ADJ, line 11b.
0275	Filing status must be married filing joint to complete the Spouse column on Schedule PIT-RC, line A.	Correct the filing status or eliminate the spouse information on Schedule PIT-RC, line A.
0280	Filing status must be married filing joint to complete the Spouse column on Schedule PIT-RC, line B.	Correct the filing status or eliminate the spouse information on Schedule PIT-

		RC, line B.
0285	Filing status must be married filing joint to complete the Spouse column on Schedule PIT-RC, line C.	Correct the filing status or eliminate the spouse information on Schedule PIT-RC, line C.
0290	Filing status must be married filing joint to complete the Spouse column on Schedule PIT-RC, line D.	Correct the filing status or eliminate the spouse information on Schedule PIT-RC, line D.
0295	Filing status must be married filing joint for spouse to be reported on Schedule PIT-RC, line 2c.	Correct the filing status or eliminate the spouse information on Schedule PIT-RC, line 2c.
0300	Filing status must be married filing joint for spouse to be reported on Schedule PIT-RC, line 2f.	Correct the filing status or eliminate the spouse information on Schedule PIT-RC, line 2f.
0305	Filing status must be married filing joint for spouse to be reported on Schedule PIT-D, line 10B.	Correct the filing status or eliminate the spouse information on Schedule PIT-D, line 10B.
0310	Filing status must be married filing joint for spouse residency period to be reported on Schedule PIT-B.	Correct the filing status or eliminate the spouse information for spouse residency period on Schedule PIT-B.
0315	Filing status must be married filing joint for spouse residency period to be reported on Schedule PIT-B.	Correct the filing status or eliminate the spouse information for spouse residency period on Schedule PIT-B.
0320	To report a deceased primary taxpayer, you must enter the date of death and mark the checkbox.	Check and correct all of the associated information.
0325	To report a deceased spouse, you must enter the date of death and mark the checkbox.	Check and correct all of the associated information.
0330	To report an extension of time to file, you must enter the extended due date and mark the checkbox.	Check and correct all of the associated information.
0335	Entering bank information requires a routing number, account number and you must indicate a savings or checking account. You must also answer "No" to the question about accounts located outside the U.S.	Check and correct all of the associated information.
0340	Schedule PIT-ADJ, line 10. You must indicate the Indian nation, tribe or pueblo of the taxpayer and spouse (lines 10a and 10b), if applicable, to claim this deduction/exemption.	Check and correct all of the associated information.
0345	Schedule PIT-ADJ, line 11. You must mark one or both of the boxes 11a and 11b to claim this deduction or exemption.	Check and correct all of the associated information.
0350	Schedule PIT-ADJ, line 12. You must indicate the blind/over 65 (PIT-1, line 1) for the taxpayer and spouse, if applicable, to claim this exemption.	Check and correct all of the associated information.
0355	Schedule PIT-RC, line 2c. You must mark one or both of the boxes on the PIT-1 to claim the extra exemptions.	Check and correct all of the associated information.
0360	Schedule PIT-D, line 10. You must complete one or both of the boxes 10A and 10B to contribute part of your overpayment to a New Mexico political party.	Check and correct all of the associated information.
0365	Schedule PIT-ADJ, line 5 must equal Form PIT-1, line 8.	Check and correct all of the associated information.

0370	Schedule PIT-ADJ, line 21 must equal Form PIT-1, line 12.	Check and correct all of the associated information.
0375	Schedule PIT-B, line 14 is not computed correctly or does not equal Form PIT-1, line 15.	Check and correct all of the associated information.
0380	Schedule PIT-CR, line 19 must equal Form PIT-1, line 18.	Check and correct all of the associated information.
0385	Schedule PIT-RC, line 26 must equal Form PIT-1, line 21.	Check and correct all of the associated information.
0390	Schedule PIT-D, line 11 must equal Form PIT-1, line 36.	Check and correct all of the associated information.
0395	Form PIT-1, lines 13 and line 13a must both be completed to claim the deduction.	Check and correct all of the associated information.
0400	Form PIT-1, line 22 and 22a must both be completed to claim the credit.	Check and correct all of the associated information.
0405	Form PIT-1, line 16a indicates that a Schedule PIT-B is required, but Schedule PIT-B is missing.	Correct field or include Schedule PIT-B.
0410	Schedule PIT-RC, line 16b is not correctly computed.	Check and correct all of the associated information.
0415	Form PIT-1, line 22 is not correctly computed.	Check and correct all of the associated information.
0420	Schedule PIT-B, line 12 is not correctly computed.	Check and correct all of the associated information.
0425	Schedule PIT-B, line 14 is not correctly computed.	Check and correct all of the associated information.
0430	Schedule PIT-B, page 2, line 1b is not correctly computed.	Check and correct all of the associated information.
0435	Schedule PIT-B, page 2, line 2b is not correctly computed.	Check and correct all of the associated information.
0440	Schedule PIT-B, page 2, line 3b is not correctly computed.	Check and correct all of the associated information.
0445	Generic Record field 049 has a value indicating the need for an IP Address.	Contact the software company.
0450	The routing number is incorrect or invalid.	Correct the routing number.
0455	Schedule PIT-RC, line 2h, cannot be a positive number if filing status is not Married Filing Separate.	Correct the field or change the filing status.
0460	Form PIT-1, line 1, filing status is Married Filing Joint, requiring the spouse residency status.	Correct the field or change the filing status.
0465	Form PIT-1, page 2, the taxpayer contact phone number is missing.	Review and correct the field.
0470	Form PIT-1, If a paid preparer prepared the return, enter the SSN/PTIN or the FEIN of the preparer and include the preparer's e-mail address.	Correct whichever field is in error.
0475	Form PIT-1, If a preparer prepared the return you must enter the SSN/PTIN or the FEIN of the preparer and include the preparer's e-mail address.	Correct whichever field is in error.
0480	Schedule PIT-RC, line 14 is not correctly computed due to answers to questions A through D.	Review your answers in questions A through D. Correct whichever field is in error.
0485	Schedule PIT-RC, line 17c is not correctly computed due to answers to questions A through D.	Review your answers in questions A through D. Correct whichever field is in error.
0490	Schedule PIT-RC, line 18c is not correctly computed due to answers to questions A through D.	Review your answers in questions A through D. Correct whichever field is in error.



0495	Schedule PIT-RC, line 22 is not correctly computed due to answers to questions A through D.	Review your answers in questions A through D. Correct whichever field is in error.
0500	Filing status must be married filing joint for Schedule PIT-B, page 1, if the qualified military servicemember's spouse checkbox is checked.	Correct the filing status or eliminate the check in the qualified military servicemember's spouse checkbox.
0505	Schedule PIT-RC qualified dependents, line 20 was left blank and taxpayer claimed an amount for child day care, Schedule PIT-RC, line 22.	Correct whichever line is wrong on Schedule PIT-RC lines 20 ---or--- 22.
0510	Schedule PIT-RC, Los Alamos or Santa Fe County checkbox must be checked if claiming Schedule PIT-RC, line 18c.	Correct whichever line is wrong on Schedule PIT-RC Los Alamos or Santa Fe County checkbox ---or--- line 18c.
0515	Form PIT-1, line 1 has an invalid date of death for the primary taxpayer.	Eliminate Form PIT-1, line 1, the date of death for the primary taxpayer.
0520	Form PIT-1, line 1 has an invalid date of death for the spouse.	Eliminate Form PIT-1, line 1, the date of death for the spouse.
0525	Form PIT-1, Refund Express – NM does not support refund transactions that go out of the United States.	Eliminate the Form PIT-1, Refund Express flag indicating that the refund will go outside the United States.
0530	Schedule PIT-B, line 1, full year residents must allocate the full column 1 amount to NM, column 2, unless they are resident military.	Correct Schedule PIT-B, line 1, column 1.
0535	Schedule PIT-B, line 2, full year residents must allocate the full column 1 amount to NM, column 2, unless they are resident military.	Correct Schedule PIT-B, line 2, column 1.
0540	Schedule PIT-B, line 3, full year residents must allocate the full column 1 amount to NM, column 2, unless they are resident military.	Correct Schedule PIT-B, line 3, column 1.
0545	Schedule PIT-B, line 7, full year residents must allocate the full column 1 amount to NM, column 2, unless they are resident military.	Correct Schedule PIT-B, line 7, column 1.
0550	Form PIT-1, filing status is Married Filing Separate but the spouse's SSN is missing.	Correct the filing status or enter the spouse SSN on Form PIT-1, line 1.
0555	Form PIT-1, the number of dependents does not agree with the dependent list provided.	Correct the Form PIT-1 number of dependents ---or--- the dependent list provided.
0560	Filing status must be married filing joint for a spouse to be reported on Form PIT-1, line 1, blind.	Correct the filing status or eliminate the spouse information on Form PIT-1, line 1, blind.
0565	Filing status must be married filing joint for a spouse to be reported on Form PIT-1, line 1, over 65.	Correct the filing status or eliminate the spouse information on Form PIT-1, line 1, over 65.
0570	The IP Date When Return is Prepared is missing for an on-line filed return.	Provide the missing information.
0575	The IP Date When Return is Prepared is missing for an on-line filed return.	Provide the missing information.
0580	The IP Time When Return is Prepared is missing for an on-line filed return.	Provide the missing information.
0585	The Email Address of Where Return was Prepared is missing for an on-line filed return.	Provide the missing information.
0590	Schedule PIT-RC, Line 2e value does not correspond to the value on Form PIT-1, Line 1,	Correct whichever line is wrong Line 2e ---or--- Form PIT-1, Line 1, primary

	primary over 65.	over 65.
0595	Schedule PIT-RC, Line 2f value does not correspond to the value on Form PIT-1, Line 1, spouse over 65.	Correct whichever line is wrong Line 2f ---or--- Form PIT-1, Line 1, spouse over 65.
0600	The State of New Mexico does not allow debiting against savings accounts.	Change the debit type to checking account.
0605	Form PIT-1, Line 25 (New Mexico income tax withheld from a pass-through entity) has a value but schedule RPD-41359 is missing.	Correct field value or attach schedule RPD-41359.
0610	The debit date given is an invalid value.	Correct the field.